

RESOLUTION NO. 4-94  
CITY OF CENTERVILLE, OHIO

SPONSORED BY COUNCILMEMBER Mark Kingford ON THE  
10th DAY OF January, 1994.

A RESOLUTION AUTHORIZING AND DIRECTING THE CITY MANAGER TO SIGN A LETTER OF INTENT BETWEEN GREAT TRADITIONS LAND AND DEVELOPMENT COMPANY AND THE CITY OF CENTERVILLE REGARDING YANKEE TRACE DEVELOPMENT.

WHEREAS, Great Traditions Development Group, Inc. has been named preferred developer by the City of Centerville for the approximately 215 acre residential portion of the Yankee Trace golf course/residential development, and

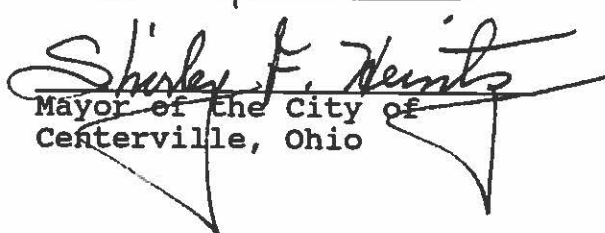
WHEREAS, a Letter of Intent has been prepared to outline basic economic elements agreed to between the City of Centerville, Ohio and Great Traditions Development Group, Inc., and

WHEREAS, this Letter of Intent will be supplemented by agreements that define all elements, including a list of items that will be provided by the City.

NOW THEREFORE, THE MUNICIPALITY OF CENTERVILLE HEREBY RESOLVES:

SECTION 1. That the City Manager is hereby authorized and directed to sign the Letter of Intent with Great Traditions Development Group, Inc. on behalf of the City of Centerville regarding Yankee Trace Development, that which is attached hereto marked exhibit "A" and incorporated herein.

PASSED this 10th day of January, 1994.

  
Mayor of the City of  
Centerville, Ohio

ATTEST:

  
Clerk of the Council of the  
City of Centerville, Ohio

CERTIFICATE

The undersigned, Clerk of the Council of the City of Centerville, Ohio, hereby certifies that the foregoing is a true and correct copy of Resolution Number 4-94, passed by the Council of the City of Centerville, Ohio, on the 10th day of January, 1994.

Maria J. Scaglione  
Clerk of Council

Approved as to form, consistency  
with the Charter and Constitutional Provisions.  
Department of Law  
Robert N. Farquhar  
Municipal Attorney

EXHIBIT "A"

# GREAT TRADITIONS

— Land & Development Company —

January 10, 1994

Mr. Gregory Horn, City Manager  
City of Centerville  
100 West Spring Valley Road  
Centerville, Ohio 45458

RE: Letter of Intent  
Regarding Yankee Trace Development

Dear Greg:

This Letter of Intent has been prepared to outline our understanding of the basic economic elements that have been agreed to in principle between the City of Centerville, Ohio ("City") and Great Traditions Development Group, Inc. ("GT") regarding your approximately 466 acre Yankee Trace Development (the "Development"). GT is honored to have been named preferred developer by the City for the approximately 215 acre residential portion of the Development (the residential portion of the Development is hereinafter referred to as the "Project"), and looks forward to working with the City to finalize our agreement and to begin work. This Letter of Intent will be supplemented by agreements that define all elements of our venture, including a list of items that will be provided by the City. Based upon that list and this Letter of Intent, legal documents will be prepared that will set forth our agreement in its entirety (the "Contract").

Further details of this Letter of Intent are as follows:

1. **Sale of Property.** City shall sell to GT the Project which consists of approximately 215 acres of real property. Within forty-five (45) days of the Contract signing, GT will submit a development plan (the "Plan") to the City for approval. Within ten (10) working days after all utility, zoning and governmental approvals have been obtained necessary to develop the Project in accordance with the Plan (the "Effective Date"), the City shall transfer marketable title to GT and GT shall purchase a minimum of sixty (60) acres of the Project. City shall then be required to transfer marketable title to GT and GT shall purchase a minimum of twenty-five (25) acres within twenty-four (24) months following the Effective Date. City shall then be responsible for transferring marketable title to GT and GT shall purchase a minimum

of twenty-five (25) acres for each twelve (12) month period thereafter, with the exception of a minimum of thirty (30) acres in the sixth year following the Closing, until all Project acreage has been purchased. For purposes of this Letter of Intent, "Closing" shall mean when the City conveys marketable title to GT and GT purchases the initial minimum of sixty (60) acres of real property contained in the Project. The actual areas of the tracts to be purchased shall be depicted upon an exhibit to the Contract which shall be mutually agreeable to the parties.

2. Compensation to City. Listed below are the financial parameters and agreements that were reached in principle between the City and GT on December 2, 1993 and further clarified and agreed to in principle on December 7, 1993:

a) Per Acre Fee

GT will pay the City a fee per acre based upon the land take-down schedule referenced in paragraph 1 above. The fee for acreage taken-down during the initial 12 month period following the Closing shall be \$11,630 per acre. This amount will be increased by four percent (4%) beginning the second 12 month period and beginning each 12 month period thereafter; and

b) Lot Fee For First 407 Lots Sold.

For the initial sale of 407 lots by GT to builders, GT will pay to City \$14,250 per lot for each lot sold during the initial 12 month period following the Closing. This amount will be increased by four percent (4%) beginning the second 12 month period and by an additional four percent (4%) beginning each 12 month period thereafter; and

c) Lot Fee For All Remaining Lots After 407 Sold.

For the 408th lot and all lots sold thereafter, GT will pay the City a fee of \$8,000 per lot for the 12 month period following the Closing. This amount shall be increased by four percent (4%) for each 12 month period thereafter; and

d) Participation Fee.

GT will pay the City a Participation Fee calculated as a percentage of "Gross Sales Revenues". Participation Fees to the City shall be calculated and paid on a prorata, per lot basis when each lot within the respective revenue category is closed as follows:

<u>Gross Sales Revenue</u>	<u>Participation Fee to City</u>
* \$22-30 million	22.5%
* \$30-34 million	47.5%
* \$34-38 million	15.0%
* More than \$38 million	10.0%

e) Guaranteed Access Fee.

GT anticipates the purchase, annexation, and development of additional land which adjoins or surrounds the Project at no direct acquisition cost to the City. The City has agreed to cooperate with GT in the annexation of said adjacent parcels and agrees that said parcels may be added to the Project when annexed. Said parcels shall be served by water, sewer, roadways, utilities, and all other amenities designed for the Project where technically feasible. GT further acknowledges that portions of this land may not be served by water and sewer, roadway and utilities that have been currently designed specifically for the Project.

In consideration of City's agreement to cooperate in the annexation of such parcels, GT shall pay the City a Guaranteed Access Fee \$150,000 payable as follows:

Fee of \$150,000 payable as follows:

1. \$100,000 within thirty (30) months from the date of Closing; and
2. \$50,000 within fifty-four (54) months from the date of Closing; and
3. If adjacent parcels are purchased, GT shall pay the City an additional fee of \$2,500 per gross acre for each acre contained in the adjacent parcel purchased, payable on a per lot basis as lots are sold to builders. The pay-off price for this Fee shall be calculated by taking the number of gross acres within the adjacent parcel times \$2,500 divided by the number of Lots to be developed on the adjacent parcel. "Gross acres" shall include the

4

total acreage purchased without any deduction for rights-of-way or other public grounds.

3. Utility Assessments. Unless otherwise mandated by Montgomery County and mutually agreed to by GT and City, GT shall pay all utility assessments related to gross acreage purchased by GT and such assessments are to be paid proportionately to land take-down upon the Closing.

4. On-site Improvements.

a) Skin Improvements.

GT shall pay the costs of all skin improvements made to the Property, which will include but not be limited to a combination of white horse-park fencing, street trees, mounding, stone accent walls and/or pillars, and stone entry walls that will produce a project similar to the preliminary design plans drawn by Norris/Dullea, and the development of GT known as the Wetherington Golf and Country Club. The final design and layout of said "skin" improvements will be concluded in the design phase of the Project. The cost of entry improvements to the golf clubhouse as located in the development plan will be at the expense of the City.

b) On-site Improvements.

GT agrees to pay for the cost of all on-site improvements which shall include but not be limited to the Spine Road as reflected on the Plan, a swim and tennis complex to be used by residents, hiker-biker trails, street signage, and where appropriate along the Spine Road to include white horse-park fencing, street trees, and stone accent entry walls or pillars. The design and layout of such on-site improvements will be concluded in the design phase of the project.

5. Off-site Improvements. GT will pay the actual cost of the following stipulated off-site improvements:

a) Yankee Road water improvements, estimate:	\$160,000
b) Social Row water improvements, estimate:	\$160,000
c) Social Row widening on north side, estimate:	\$130,000

The City shall provide GT with preliminary cost estimates, and schematic drawings for these improvements prior to Closing. GT will be entitled to any prorata recoupments that would come as a result of the installation of these improvements.



The City agrees that GT must be satisfied with the final quantities, specs and costs of improvements.

6. **Yankee Street Improvements:** GT shall pay for the temporary lane additions (as directed by the City Engineer who shall follow generally accepted design standards) to the entrance locations necessary to facilitate turning movement and thru traffic flow at the entrances to the Project. When the Yankee Street improvements are made by the City, GT will receive a credit for any improvements that are utilized by the City as part of its improvement plan. The process for determining such credit shall be agreed to by the parties. The City will absorb the costs of any additional improvements to Yankee Street that are deemed necessary for future traffic flow considerations.

7. **Construction Financing and Assessment Bonds.** The City agrees to provide construction financing for public improvements and the subsequent issuance of Assessment Bonds in an amount not to exceed 3.0 million dollars to provide for such improvements throughout the proposed 215 acre project.. It is GT's intent that homeowners in the Project will not pay assessments resulting from such financing of more than \$500 per lot per year on average. The \$500 per lot calculation times the total number of lots in the Project, combined with the prevailing interest cost, legal and issuance costs etc. of the bonds will dictate the ultimate amount of bonds that can be utilized. The City agrees to provide construction financing for public improvements and the subsequent issuance of Assessment Bonds in an amount not to exceed an additional \$1,500,000, to provide for such improvements for up to an additional 150 acres if purchased by GT in accordance with Section 2(e) of this document.

GT and the City will work together between now and the execution of Legal Documents to further define the use of the per lot, or per acre calculation to determine the best way to approach handling the bond issue.

GT and the City will work together to determine the most efficient and effective method for the issuance of Assessment Bonds. GT will agree to guarantee the payment of the first two (2) years of principal and interest costs for any Assessment Bonds requested by GT and agreed to by the City on the Project.

8. **Hill Property.** The City shall purchase 60 to 80 feet of right-of-way from the centerline along the Hill Property. In the alternative, should GT purchase all or part of the Hill Property, the City will reimburse GT the market value of such 60 to 80 foot right-of-way.

9. **Spires Property.** The City will attempt to purchase the Spires Property for the amount previously committed by the City in its December 2, 1993 correspondence to GT. If the purchase is accomplished, this Property will become available to GT with payment based on acreage and lot fees established herein. If the Spires Property is not purchased, the City will purchase 60 feet of right-of-way from centerline.

10. **Featured Builders.** GT shall make it a priority to include local Centerville and Dayton builders in the development of the Project. GT agrees to take all reasonable efforts to attract these builders, including hosting a meeting at Wetherington for all local builders (list to be provided by the City), whereby the City will introduce GT as the preferred developer of Yankee Trace and GT will explain its philosophy and approach to developing the Project.

11. **Relationship of Golf Course, Project and Residents.** The City and GT acknowledge that the relationship between the golf course, the Project and residents are of paramount value to both entities. With this acknowledged need for a spirit of cooperation the City agrees to consult with GT and provide adequate protection (which shall be defined to the mutual satisfaction of GT and City in the final Contract) to GT as the developer of the Project as follows:

a) Prior to retention of any outside golf course management company, the City shall receive input from GT on the selection process and work with GT regarding golf course policies that may affect the relationship between the residential community and the golf course;

b) Should the City choose to work with a golf course management firm that is not satisfactory to GT the City agrees to provide adequate protection (which shall be defined to the mutual satisfaction of GT and City in the final Contract) to GT as the developer of the Project so that the management firm does not significantly change the current approach and intent of the City with regard to the operation and market position of the golf course;

c) When deemed necessary and appropriate by both parties in order to achieve the highest level of value and productivity between the Project and golf interests the City will work with GT to modify the golf course, including but not limited to the modification of access points to certain parcels, modifying height and location of mounds on certain parcels and change in elevation of certain Project elements or roadways. If changes are performed GT and City agree that a fair and equitable determination of which party shall bear expense of changes will be provided for in the Contract.

d) The City acknowledges that its intent is to create certain privileges and packages of memberships to the golf project for Centerville residents. Such benefits may include such items as:



7

- 1) Annual preferred membership;
- 2) Ability to have a private account and charge at the golf club;
- 3) Preferred tee times;
- 4) Priority availability to permanent lockers, bag storage and handicapping.

The City agrees that it is committed to providing Project residents with the highest level of privileges/benefits achievable and that it will make available for sale through GT a number of these packages/benefits that will be adequate to provide these special opportunities to potential Yankee Trace residents. The City further acknowledges that the provision of these benefits is fundamental to the success of the Project and its Contract with GT.

e) Provide the following opportunities to GT staff:

- 1) Provide GT's sales staff access to the golf course to view lots as reasonable with use of golf carts at no charge;
- 2) A minimum of two golf carts for marketing purposes at its Sales Center and to permit sales staff to take people on sales tours of the golf course and club house; and
- 3) Charge privileges at the golf club for food, beverages and merchandise at discounted rates to be negotiated as part of the final agreement if the City operates the facility.

12. **Land Planning.** GT shall submit to the City the Plan as required by paragraph 1 herein, including appropriate upscale amenity package as previously discussed; to obtain all governmental approvals necessary for the development of the Project and to finalize appropriate zoning. The City agrees that it will allow appropriate flexibility in land planning and zoning to respond to changing economic and marketplace demands.

13. **Marketing.** GT shall work cooperatively with the City on the development of the logo, promotional brochures and other marketing materials for the golf course and GT shall have complete control over the development of marketing materials for the Project. GT agrees

8

to give the City input on the development of marketing materials for the Project. Further protection regarding usage of Yankee Trace logo and name is to be defined in the final agreement to protect both parties.

14. Governmental Action. The City agrees that it will endeavor to expedite issuance of plan approval and building permits necessary to accelerate the construction of model or market homes for the Project.

15. Utilities. The City will provide adequate connection points to water, sanitary sewer and roadways to facilitate the development of the Project in an efficient economical manner.

16. Subdivision Covenants. GT shall place mutually acceptable subdivision covenants of record which will include Design Review criteria for all homes, which shall apply to the Project. The City shall agree to issue building permits only after approval of building plans by the Design Review Committee created by the subdivision covenants. Further evaluation will be made regarding the potential of issuing certificates of occupancy based upon the construction of homes and installation of landscape on an as-built basis. The City and GT will have representation on the Design Review Committee, final make-up of committee to be determined at Contract.

17. Gas Light District. The City shall assist GT in attempting to secure establishment of a gas light district with Dayton Power & Light.

18. Development Entity. GT intends to assign this contract to a separate development entity, created specifically to develop the Project, as acceptable to City, with consent not being unreasonably withheld.

19. Non-binding Effect. It is agreed and understood that this Letter of Intent merely constitutes a summary of the principal terms and conditions which we have discussed. It does not contain all matters upon which agreement must be reached in order for the transaction to be consummated and, therefore, is not intended to be and does not constitute a binding commitment with respect to the transaction referred to herein. The parties recognize that the City is an Ohio municipal corporation with certain constitutional and statutory restrictions upon its methods of operation. Accordingly, further investigation may reveal that some revisions are necessary in order to comply with Ohio law. Any binding commitment with respect to these transactions will result only from the execution of written definitive agreements subject to the terms and conditions expressed therein.

If this Letter of Intent fairly and accurately sets forth our intentions with respect to these transactions please indicate your confirmation by signing and returning to me the enclosed copy of this letter. I very much look forward to working with you on these matters.

Sincerely,

GREAT TRADITIONS DEVELOPMENT GROUP, INC.

By: \_\_\_\_\_  
Thomas H. Humes, President

AGREED TO AND ACCEPTED:  
this \_\_\_\_\_ day of January, 1994

By CITY OF CENTERVILLE

By: \_\_\_\_\_  
Gregory Horn,  
City Manager